

2011 DRAFTING REQUEST

Bill

Received: **07/27/2011**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Van Wanggaard (608) 266-1832**

By/Representing: **scott**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Business - credits**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Wanggaard@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Tax credit for hiring unemployed individuals

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							State
/P1	jkreye 07/27/2011	jdyer 08/16/2011	rschluet 08/16/2011		lparisi 08/16/2011		State
/1	jkreye 08/30/2011	kfollett 08/30/2011	rschluet 08/30/2011		mbarman 08/30/2011	sbasford 08/30/2011	

FE Sent For:

→ At Intro.

<END>

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Please jacket
short
joe

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/?	jkreye	PA 8/16 jld		_____ _____			
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FE Sent For:

<END>

Scott Kelly

Rep. Wanggaard

tax credit for hiring unemployed individuals

based on SB106 from Maryland

but \$5,000 tax credit for each individual

\$250,000 max per employer

individual must have been receiving
unemployment insurance benefits for at
least 60 days before hiring

Chapter 1

(Senate Bill 106)

AN ACT concerning

Labor and Employment – Job Creation and Recovery Tax Credit

FOR the purpose of establishing the Job Creation and Recovery Tax Credit; providing a credit against the State income tax for certain employers employing certain individuals in certain qualified positions; defining certain terms; providing for certification by the Department of Labor, Licensing, and Regulation of persons eligible for the credit and of the maximum amount of credit for which a qualified employer is eligible; limiting to a certain amount the credit each qualified employer may receive; providing for a cap of the total aggregate amount of the tax credit that the Department may approve; ~~allowing the credit as a credit against the payment of certain withholding taxes under certain circumstances;~~ making the credit refundable under certain circumstances; requiring certain reports; authorizing the adoption of certain regulations; making the provisions of this Act severable; making this Act an emergency measure; and generally relating to tax credits in connection with the employment of certain individuals in certain qualified positions in the State and the Job Creation and Recovery Tax Credit ~~program~~.

BY adding to

Article – Labor and Employment

Section 11-1101 through 11-1107 to be under the new subtitle “Subtitle 11. Job Creation and Recovery Tax Credit”

Annotated Code of Maryland

(2008 Replacement Volume and 2009 Supplement)

BY adding to

Article – Tax – General

Section 10-728

Annotated Code of Maryland

(2004 Replacement Volume and 2009 Supplement)

Preamble

WHEREAS, The current economic situation in the State and the country has left many Maryland workers unable to find new full-time employment; and

WHEREAS, Many of these workers are currently receiving unemployment insurance benefits from the State or have exhausted those benefits; and

WHEREAS, There are employers in the State who would like to hire new employees but face economic challenges in expanding their workforce at this time; and

WHEREAS, New jobs would reduce the burden of unemployment for Maryland workers and their families; and

WHEREAS, Expanding the State workforce would stimulate the State's economy by enhancing personal spending and tax revenues associated with increased employment; and

WHEREAS, Creating new jobs for workers currently receiving unemployment insurance benefits would reduce the burden on the Unemployment Insurance Trust Fund and the employers who contribute to that Fund; and

WHEREAS, A State tax credit program for employers based on the creation of new jobs in the State would encourage and assist them in expanding their workforces and in reducing the burden of unemployment on the State and its citizens; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Labor and Employment

SUBTITLE 11. JOB CREATION AND RECOVERY TAX CREDIT.

11-1101.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “QUALIFIED EMPLOYEE” MEANS AN INDIVIDUAL WHO, AT THE TIME OF HIRING:

(1) IS A RESIDENT OF THE STATE;

(2) (I) IS RECEIVING UNEMPLOYMENT INSURANCE BENEFITS;

OR

(II) HAS EXHAUSTED THE INDIVIDUAL'S UNEMPLOYMENT INSURANCE BENEFITS WITHIN THE PAST 12 MONTHS; AND

(3) IS NOT EMPLOYED FULL TIME.

(C) “QUALIFIED EMPLOYER” MEANS A PERSON THAT IS:

(1) (I) CONDUCTING OR OPERATING A TRADE OR BUSINESS IN THE STATE AND FILING MARYLAND INCOME TAX RETURNS; OR

(II) AN ORGANIZATION OPERATING IN THE STATE THAT IS EXEMPT FROM TAXATION UNDER § 501(C) OF THE INTERNAL REVENUE CODE; AND

(2) CERTIFIED IN ACCORDANCE WITH § ~~11-1103~~ 11-1102 OF THIS SUBTITLE AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SUBTITLE.

(D) (1) "QUALIFIED POSITION" MEANS A POSITION THAT:

(I) IS FULL TIME;

(II) REQUIRES OR IS EXPECTED TO REQUIRE THE SERVICES OF AN EMPLOYEE FOR AN INDEFINITE DURATION AND WITHOUT INTERRUPTION FOR A PERIOD OF 12 MONTHS OR MORE;

(III) IS LOCATED IN THE STATE; AND

(IV) IS NEWLY CREATED OR HAS BEEN VACANT FOR A PERIOD OF AT LEAST 6 MONTHS AT THE TIME OF HIRING.

(2) "QUALIFIED POSITION" DOES NOT INCLUDE A POSITION THAT IS CREATED:

(I) WHEN AN EMPLOYMENT FUNCTION IS SHIFTED FROM AN EXISTING BUSINESS FACILITY OF A BUSINESS ENTITY IN THE STATE TO ANOTHER BUSINESS FACILITY OF THE SAME BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;

(II) THROUGH A CHANGE IN OWNERSHIP OF A TRADE OR BUSINESS;

(III) THROUGH A CONSOLIDATION, MERGER, OR RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;

(IV) WHEN AN EMPLOYMENT FUNCTION IS CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY TO ANOTHER BUSINESS ENTITY; OR

(V) BY DISPLACING AN EXISTING EMPLOYEE.

11-1102.

(A) THE SECRETARY OR THE SECRETARY'S DESIGNEE SHALL CERTIFY A PERSON AS A QUALIFIED EMPLOYER ELIGIBLE FOR A TAX CREDIT UNDER THIS SUBTITLE IF THE PERSON MEETS THE REQUIREMENTS OF THIS SECTION.

(B) TO BE ELIGIBLE FOR A TAX CREDIT UNDER THIS SUBTITLE, A PERSON MUST HIRE A QUALIFIED EMPLOYEE TO FILL A QUALIFIED POSITION AND BEGIN EMPLOYMENT IN THAT POSITION BETWEEN ~~JANUARY 1, 2010, THE~~ EFFECTIVE DATE OF CHAPTER 1 (S.B. 106) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2010 AND DECEMBER 31, 2010.

(C) TO BE CERTIFIED AS A QUALIFIED EMPLOYER FOR A TAX CREDIT UNDER THIS SUBTITLE, A PERSON SHALL SUBMIT TO THE DEPARTMENT AN APPLICATION CERTIFIED AND EXECUTED UNDER THE PENALTY OF PERJURY THAT SPECIFIES:

(1) THE NAME AND SOCIAL SECURITY NUMBER OF EACH QUALIFIED EMPLOYEE;

(2) THE DATE OF HIRE OF EACH QUALIFIED EMPLOYEE, THE WAGES PAID TO EACH QUALIFIED EMPLOYEE, THE DATE WAGES BEGAN TO BE PAID TO EACH QUALIFIED EMPLOYEE, AND THE POSITION FOR WHICH EACH QUALIFIED EMPLOYEE WAS HIRED;

(3) THE NUMBER OF QUALIFIED POSITIONS CREATED;

(4) THE EVIDENCE THAT THE EMPLOYER MEETS THE REQUIREMENTS OF § 11-1101(C) OF THIS SUBTITLE;

(5) THE EVIDENCE THAT THE POSITION MEETS THE REQUIREMENTS OF § 11-1101(D) OF THIS SUBTITLE; AND

(6) ANY OTHER INFORMATION THAT THE DEPARTMENT MAY REQUIRE.

(D) BASED ON THE INFORMATION PROVIDED TO THE DEPARTMENT UNDER SUBSECTION (C) OF THIS SECTION, AND IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (E) OF THIS SECTION, WITHIN 60 DAYS AFTER RECEIVING THE APPLICATION, THE SECRETARY OR THE SECRETARY'S DESIGNEE SHALL CERTIFY THE MAXIMUM AMOUNT OF THE TAX CREDIT FOR WHICH A QUALIFIED EMPLOYER IS ELIGIBLE.

(E) (1) SUBJECT TO THE LIMITATIONS IN PARAGRAPHS (2), (3), AND (4) OF THIS SUBSECTION, THE CREDIT EARNED UNDER THIS SECTION IS ~~\$3,000~~ \$5,000 MULTIPLIED BY THE NUMBER OF QUALIFIED EMPLOYEES HIRED BY THE QUALIFIED EMPLOYER ~~DURING THE 2010 CALENDAR YEAR~~ BETWEEN THE EFFECTIVE DATE OF CHAPTER 1 (S.B. 106) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2010 AND DECEMBER 31, 2010.

(2) THE CREDIT EARNED BY A QUALIFIED EMPLOYER UNDER THIS SUBTITLE MAY NOT EXCEED \$250,000.

(3) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE DEPARTMENT UNDER THIS SUBTITLE MAY NOT EXCEED \$20,000,000.

(4) THE CREDITS WILL BE AVAILABLE AND CERTIFIED ON A FIRST-COME, FIRST-SERVED BASIS AT THE TIME OF APPLICATION.

(F) FOR ANY QUALIFIED POSITION CERTIFIED UNDER SUBSECTION (D) OF THIS SECTION THAT IS VACATED FOR ANY REASON, THE QUALIFIED EMPLOYER MUST SUBMIT AN AMENDED APPLICATION UNDER SUBSECTION (C) OF THIS SECTION TO RECEIVE THE TAX CREDIT FOR HIRING A REPLACEMENT QUALIFIED EMPLOYEE FOR THAT VACATED POSITION.

(G) THE SECRETARY AND THE COMPTROLLER MAY JOINTLY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE AND THE PROVISIONS OF § 10-728 OF THE TAX - GENERAL ARTICLE.

11-1103.

(A) AFTER RECEIVING THE CERTIFICATION IN ACCORDANCE WITH § 11-1102(D) OF THIS SUBTITLE, AND IN ACCORDANCE WITH § 11-1107 OF THIS SUBTITLE, A QUALIFIED EMPLOYER MAY CLAIM AN INCOME TAX CREDIT IN THE AMOUNT PROVIDED IN THAT CERTIFICATION.

(B) TO CLAIM THE CREDIT CERTIFIED UNDER § 11-1102(D) OF THIS SUBTITLE, A QUALIFIED EMPLOYER SHALL SUBMIT TO THE COMPTROLLER:

(1) A TAX RETURN FOR THE TAXABLE YEAR TO WHICH THE CERTIFICATION APPLIES, CLAIMING THE CREDIT; AND

(2) A COPY OF THE DEPARTMENT'S CERTIFICATION OF THE APPROVED CREDIT AMOUNT.

11-1104.

(A) (1) A QUALIFIED POSITION MUST REMAIN FILLED FOR A PERIOD OF 1 YEAR AFTER THE QUALIFIED EMPLOYEE IS HIRED AND BEGINS EMPLOYMENT.

(2) IF THE POSITION IS VACATED PRIOR TO THE EXPIRATION OF THE 1-YEAR PERIOD, THE EMPLOYER SHALL IMMEDIATELY NOTIFY THE DEPARTMENT OF THE VACANCY.

(B) IF A POSITION IS FILLED FOR LESS THAN THE REQUIRED 1-YEAR PERIOD, THE EMPLOYER SHALL BE ENTITLED TO A PRO-RATA PORTION OF THE TAX CREDIT BASED ON THE DURATION OF EMPLOYMENT.

11-1105.

(A) THE DEPARTMENT, THE COMPTROLLER, AND THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT MAY SHARE ANY INFORMATION RECEIVED FROM A QUALIFIED EMPLOYER ABOUT ELIGIBILITY FOR A CREDIT ALLOWED UNDER THIS SUBTITLE FOR THE PURPOSE OF ADMINISTERING THIS TAX CREDIT.

(B) INFORMATION THAT IS RECEIVED UNDER SUBSECTION (A) OF THIS SECTION IS SUBJECT TO THE CONFIDENTIALITY REQUIREMENTS THAT APPLY TO THE DEPARTMENT, THE COMPTROLLER, THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, AND THE UNIT THAT RECEIVES THE INFORMATION.

11-1106.

ON OR BEFORE APRIL 1, 2011, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE QUALIFIED EMPLOYERS CERTIFIED AS ELIGIBLE FOR JOB CREATION AND RECOVERY TAX CREDITS ~~AND~~, THE NUMBER OF ~~JOBS~~ QUALIFIED POSITIONS FOR WHICH THEY WERE CERTIFIED, THE TOTAL AMOUNT OF CREDITS CERTIFIED FOR EACH QUALIFIED EMPLOYER, AND THE TOTAL AMOUNT OF CREDITS CERTIFIED.

11-1107.

(A) (1) THE TAX CREDIT AUTHORIZED UNDER THIS SUBTITLE:

~~(1)~~ (1) MAY BE CLAIMED ONLY FOR INDIVIDUALS HIRED INTO QUALIFIED POSITIONS FOR WHICH THEY BEGIN RECEIVING WAGES ON OR

AFTER ~~JANUARY 1, 2010~~, THE EFFECTIVE DATE OF CHAPTER 1 (S.B. 106) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2010 BUT ON OR BEFORE DECEMBER 31, 2010; AND

~~(2)~~ ~~(4)~~ (II) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, MUST BE CLAIMED ON THE QUALIFIED EMPLOYER'S 2010 OR 2011 STATE INCOME TAX RETURN.

~~(4)~~ ~~1~~ (2) IN DETERMINING WHICH YEAR OR YEARS TO CLAIM THE CREDIT, THE QUALIFIED EMPLOYER SHALL CLAIM THE CREDIT FOR EACH CALENDAR MONTH OF 2010 AS THAT MONTH CORRESPONDS TO THE QUALIFIED EMPLOYER'S TAXABLE YEAR.

~~2~~ (3) IF THE QUALIFIED EMPLOYER'S 2009 TAX YEAR INCLUDES 2010 CALENDAR MONTHS, THE QUALIFIED EMPLOYER SHALL CLAIM THE CREDIT ON THE QUALIFYING EMPLOYER'S 2009 TAX RETURN FOR THOSE 2010 CALENDAR MONTHS CORRESPONDING TO THE QUALIFIED EMPLOYER'S 2009 TAXABLE YEAR.

(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE AMOUNT OF CREDIT THAT MAY BE CLAIMED IN A TAXABLE YEAR FOR EACH QUALIFIED EMPLOYEE IS ~~\$250~~ \$416.67 MULTIPLIED BY THE NUMBER OF MONTHS THE QUALIFIED EMPLOYEE WAS EMPLOYED IN THAT TAXABLE YEAR, PROVIDED THAT THE TOTAL NUMBER OF MONTHS FOR WHICH THE CREDIT IS CLAIMED FOR A PARTICULAR QUALIFIED EMPLOYEE DOES NOT EXCEED 12 MONTHS.

(2) IF, AT THE TIME OF FILING, A QUALIFIED EMPLOYER'S TAX RETURN FOR TAXABLE YEAR 2010 INCLUDES A QUALIFIED EMPLOYEE WHO REMAINED EMPLOYED DURING CALENDAR YEAR 2011, A QUALIFIED EMPLOYER MAY CLAIM ON THAT TAX RETURN THE TAX CREDIT APPLICABLE TO THAT EMPLOYEE FOR THE MONTHS DURING 2011, PROVIDED THAT THE TOTAL NUMBER OF MONTHS FOR WHICH THE CREDIT IS CLAIMED FOR A PARTICULAR QUALIFIED EMPLOYEE DOES NOT EXCEED 12 MONTHS.

(C) ~~EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, IF~~ IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY CORRESPONDING TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY OR INDIVIDUAL FOR THAT TAXABLE YEAR, THE BUSINESS ENTITY OR INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

(D) A REFUND PAYABLE UNDER SUBSECTION (C) OF THIS SECTION:

(1) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM CORPORATIONS IF THE PERSON ENTITLED TO THE REFUND IS A CORPORATION SUBJECT TO TAXATION UNDER TITLE 10 OF THE TAX – GENERAL ARTICLE; AND

(2) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM INDIVIDUALS IF THE PERSON ENTITLED TO THE REFUND IS:

(I) AN INDIVIDUAL SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX – GENERAL ARTICLE; OR

(II) AN ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C) OF THE INTERNAL REVENUE CODE.

(E) IF, AT THE TIME OF FILING, A PERSON IS DELINQUENT IN THE PAYMENT OF UNEMPLOYMENT INSURANCE CONTRIBUTIONS, STATE INCOME TAXES, WITHHOLDING TAXES, OR OTHER DEBT OR DELINQUENT ACCOUNTS DUE TO THE STATE, THE PERSON IS NOT ELIGIBLE FOR A ~~REFUND~~ CREDIT UNDER THIS ~~SECTION~~ SUBTITLE.

Article – Tax – General

10-728.

(A) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A STATE TAX CREDIT AGAINST THE INCOME TAX AS PROVIDED UNDER TITLE 11, SUBTITLE 11 OF THE LABOR AND EMPLOYMENT ARTICLE.

(B) AN ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SUBSECTION:

~~(1) AS A CREDIT AGAINST STATE INCOME TAX DUE ON UNRELATED BUSINESS TAXABLE INCOME AS PROVIDED UNDER §§ 10-304 AND 10-812 OF THIS TITLE; OR~~

~~(2) AS A CREDIT FOR THE PAYMENT TO THE COMPTROLLER OF TAXES THAT THE ORGANIZATION:~~

~~(I) IS REQUIRED TO WITHHOLD FROM THE WAGES OF EMPLOYEES UNDER § 10-908 OF THIS TITLE; AND~~

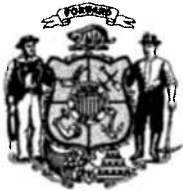
~~(II) IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF THIS TITLE.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be applicable to individuals hired and beginning work on or after ~~January 1, 2010~~, the effective date of this Act but on or before December 31, 2010.

SECTION 3. AND BE IT FURTHER ENACTED, That if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act which can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved by the Governor, March 25, 2010.



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-2471/P1

JK:.....

Fri
(cmh)

JK
jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in used 7-27-11

D-N

✓

Gen

1 AN ACT ...; relating to: an income and franchise tax credit for hiring unemployed
2 individuals. ✓

Analysis by the Legislative Reference Bureau

This bill allows a taxpayer to claim an income and franchise tax credit equal to \$5,000 for each unemployed state resident hired by the taxpayer in the taxable year to work a full-time job at the taxpayer's business in this state. The maximum amount of all such credits that a taxpayer may claim is \$250,000. ✓ If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but may carry forward the amount of any unused credit to subsequent taxable years. ✓

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 71.05 (6) (a) 15. ✓ of the statutes, as affected by 2011 Wisconsin Act
4 32, is amended to read:
5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),

(3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

History: 2011 a. 32.

SECTION 2. 71.07 (5p) of the statutes is created to read:

71.07 (5p) HIRING THE UNEMPLOYED CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Full-time job" means a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays.

3. "Qualified individual" means a person who, on the date that the claimant hires the individual to work at the claimant's business in this state, is a resident of this state, has been receiving unemployment insurance benefits for at least 60 days prior to being hired by the claimant, and has not been employed by the claimant at any time during the 60 days prior to the first day on which the individual is eligible to receive unemployment insurance benefits.

(b) *Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal to \$5,000 for each qualified individual hired by the claimant in the taxable year to work at a full-time job at the claimant's business in this state.

(c) *Limitations.* 1. The maximum amount of all credits that a claimant may claim under this subsection is \$250,000.

1 2. Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on hiring individuals described under par. (b). A partnership,
4 limited liability company, or tax-option corporation shall compute the amount of
5 credit that each of its partners, members, or shareholders may claim and shall
6 provide that information to each of them. Partners, members of limited liability
7 companies, and shareholders of tax-option corporations may claim the credit in
8 proportion to their ownership interests.

9 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
10 s. 71.28 (4), applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cs) of the statutes is created to read:

12 71.10 (4) (cs) Hiring the unemployed credit under s. 71.07 (5p).

13 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
14 amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
16 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
17 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and passed
18 through to partners shall be added to the partnership's income.

History: 2011 a. 32.

19 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32,
20 is amended to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
22 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
23 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r),
24 and (9s) and not passed through by a partnership, limited liability company, or

1 tax-option corporation that has added that amount to the partnership's, limited
2 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
3 (g).

History: 2011 a. 32.

4 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

5 71.28 (5p) **HIRING THE UNEMPLOYED CREDIT.** (a) *Definitions.* In this subsection:

6 1. "Claimant" means a person who files a claim under this subsection.

7 2. "Full-time job" means a regular, nonseasonal full-time position in which an
8 individual, as a condition of employment, is required to work at least 2,080 hours per
9 year, including paid leave and holidays.

10 3. "Qualified individual" means a person who, on the date that the claimant
11 hires the individual to work at the claimant's business in this state, is a resident of
12 this state, has been receiving unemployment insurance benefits for at least 60 days
13 prior to being hired by the claimant, and has not been employed by the claimant at
14 any time during the 60 days prior to the first day on which the individual is eligible
15 to receive unemployment insurance benefits.

16 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
17 taxable years beginning after December 31, 2011, a claimant may claim as a credit
18 against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal
19 to \$5,000 for each qualified individual hired by the claimant in the taxable year to
20 work at a full-time job at the claimant's business in this state.

21 (c) *Limitations.* 1. The maximum amount of all credits that a claimant may
22 claim under this subsection is \$250,000.

23 2. Partnerships, limited liability companies, and tax-option corporations may
24 not claim the credit under this subsection, but the eligibility for, and the amount of,

1 the credit are based on hiring individuals described under par. (b). A partnership,
2 limited liability company, or tax-option corporation shall compute the amount of
3 credit that each of its partners, members, or shareholders may claim and shall
4 provide that information to each of them. Partners, members of limited liability
5 companies, and shareholders of tax-option corporations may claim the credit in
6 proportion to their ownership interests.

7 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
8 sub. (4), applies to the credit under this subsection.

9 **SECTION 7.** 71.30 (3) (dp) of the statutes is created to read:

10 71.30 (3) (dp) Hiring the unemployed credit under s. 71.28 (5p).

11 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
12 is amended to read:

13 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
15 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
16 (5k), (5n), (5p), (5r), (5rm), and (8r) and passed through to shareholders.

History: 2011 a. 32.

17 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
18 32, is amended to read:

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
20 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
21 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r), and (9s) and not
22 passed through by a partnership, limited liability company, or tax-option
23 corporation that has added that amount to the partnership's, limited liability

1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

History: 2011 a. 32.

3 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

4 71.47 (5p) **HIRING THE UNEMPLOYED CREDIT.** (a) *Definitions.* In this subsection:

5 1. "Claimant" means a person who files a claim under this subsection.

6 2. "Full-time job" means a regular, nonseasonal full-time position in which an
7 individual, as a condition of employment, is required to work at least 2,080 hours per
8 year, including paid leave and holidays.

9 3. "Qualified individual" means a person who, on the date that the claimant
10 hires the individual to work at the claimant's business in this state, is a resident of
11 this state, has been receiving unemployment insurance benefits for at least 60 days
12 prior to being hired by the claimant, and has not been employed by the claimant at
13 any time during the 60 days prior to the first day on which the individual is eligible
14 to receive unemployment insurance benefits.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
16 taxable years beginning after December 31, 2011, a claimant may claim as a credit
17 against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal
18 to \$5,000 for each qualified individual hired by the claimant in the taxable year to
19 work at a full-time job at the claimant's business in this state.

20 (c) *Limitations.* 1. The maximum amount of all credits that a claimant may
21 claim under this subsection is \$250,000.

22 2. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on hiring individuals described under par. (b). A partnership,

1 limited liability company, or tax-option corporation shall compute the amount of
2 credit that each of its partners, members, or shareholders may claim and shall
3 provide that information to each of them. Partners, members of limited liability
4 companies, and shareholders of tax-option corporations may claim the credit in
5 proportion to their ownership interests.

6 (d) *Administration.* Section 71.28 (4) (e) to (h),[✓] as it applies to the credit under
7 s. 71.28 (4),[✓] applies to the credit under this subsection.

8 **SECTION 11.** 71.49 (1) (dp)[✗] of the statutes is created to read:

9 71.49 (1) (dp) Hiring the unemployed credit under s. 71.47 (5p).[✓]

10 **SECTION 12.** 77.92 (4)[✗] of the statutes, as affected by 2011 Wisconsin Act 32, is
11 amended to read:

12 77.92 (4) "Net business income," with respect to a partnership, means taxable
13 income as calculated under section 703 of the Internal Revenue Code; plus the items
14 of income and gain under section 702 of the Internal Revenue Code, including taxable
15 state and municipal bond interest and excluding nontaxable interest income or
16 dividend income from federal government obligations; minus the items of loss and
17 deduction under section 702 of the Internal Revenue Code, except items that are not
18 deductible under s. 71.21; plus guaranteed payments to partners under section 707
19 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
21 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),[✓] (5p), (5r), (5rm),
22 and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation
23 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
24 excluding income, gain, loss, and deductions from farming. "Net business income,"
25 with respect to a natural person, estate, or trust, means profit from a trade or

- 1 business for federal income tax purposes and includes net income derived as an
- 2 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

History: 2011 a. 32.

3

(END)

D-note
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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2471/P1dn

JK: A...

date

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Representative Wanggaard: ✓

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

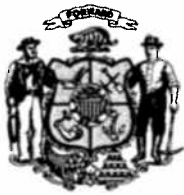
LRB-2471/P1dn
JK:jld:rs

August 16, 2011

Representative Wanggaard:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-2471/P1

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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 8-30-11

Regen

Today

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (5p), 71.10 (4) (cs), 71.28 (5p), 71.30
3 (3) (dp), 71.47 (5p) and 71.49 (1) (dp) of the statutes; **relating to:** an income and
4 franchise tax credit for hiring unemployed individuals.

Analysis by the Legislative Reference Bureau

This bill allows a taxpayer to claim an income and franchise tax credit equal to \$5,000 for each unemployed state resident hired by the taxpayer in the taxable year to work a full-time job at the taxpayer's business in this state. The maximum amount of all such credits that a taxpayer may claim is \$250,000. If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but may carry forward the amount of any unused credit to subsequent taxable years.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act
6 32, is amended to read:

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
3 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and
4 (8r) and not passed through by a partnership, limited liability company, or
5 tax-option corporation that has added that amount to the partnership's, company's,
6 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

7 **SECTION 2.** 71.07 (5p) of the statutes is created to read:

8 71.07 (5p) **HIRING THE UNEMPLOYED CREDIT.** (a) *Definitions.* In this subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Full-time job" means a regular, nonseasonal full-time position in which an
11 individual, as a condition of employment, is required to work at least 2,080 hours per
12 year, including paid leave and holidays.

13 3. "Qualified individual" means a person who, on the date that the claimant
14 hires the individual to work at the claimant's business in this state, is a resident of
15 this state, has been receiving unemployment insurance benefits for at least 60 days
16 prior to being hired by the claimant, and has not been employed by the claimant at
17 any time during the 60 days prior to the first day on which the individual is eligible
18 to receive unemployment insurance benefits.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
20 taxable years beginning after December 31, 2011, a claimant may claim as a credit
21 against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal
22 to \$5,000 for each qualified individual hired by the claimant in the taxable year to
23 work at a full-time job at the claimant's business in this state.

24 (c) *Limitations.* 1. The maximum amount of all credits that a claimant may
25 claim under this subsection is \$250,000.

1 2. Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on hiring individuals described under par. (b). A partnership,
4 limited liability company, or tax-option corporation shall compute the amount of
5 credit that each of its partners, members, or shareholders may claim and shall
6 provide that information to each of them. Partners, members of limited liability
7 companies, and shareholders of tax-option corporations may claim the credit in
8 proportion to their ownership interests.

9 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
10 s. 71.28 (4), applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cs) of the statutes is created to read:

12 71.10 (4) (cs) Hiring the unemployed credit under s. 71.07 (5p).

13 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
14 amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
16 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
17 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and passed
18 through to partners shall be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32,
20 is amended to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
22 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
23 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r),
24 and (9s) and not passed through by a partnership, limited liability company, or
25 tax-option corporation that has added that amount to the partnership's, limited

1 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
2 (g).

3 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

4 **71.28 (5p) HIRING THE UNEMPLOYED CREDIT.** (a) *Definitions.* In this subsection:

5 1. "Claimant" means a person who files a claim under this subsection.

6 2. "Full-time job" means a regular, nonseasonal full-time position in which an
7 individual, as a condition of employment, is required to work at least 2,080 hours per
8 year, including paid leave and holidays.

9 3. "Qualified individual" means a person who, on the date that the claimant
10 hires the individual to work at the claimant's business in this state, is a resident of
11 this state, has been receiving unemployment insurance benefits for at least 60 days
12 prior to being hired by the claimant, and has not been employed by the claimant at
13 any time during the 60 days prior to the first day on which the individual is eligible
14 to receive unemployment insurance benefits.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
16 taxable years beginning after December 31, 2011, a claimant may claim as a credit
17 against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal
18 to \$5,000 for each qualified individual hired by the claimant in the taxable year to
19 work at a full-time job at the claimant's business in this state.

20 (c) *Limitations.* 1. The maximum amount of all credits that a claimant may
21 claim under this subsection is \$250,000.

22 2. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on hiring individuals described under par. (b). A partnership,
25 limited liability company, or tax-option corporation shall compute the amount of

1 credit that each of its partners, members, or shareholders may claim and shall
2 provide that information to each of them. Partners, members of limited liability
3 companies, and shareholders of tax-option corporations may claim the credit in
4 proportion to their ownership interests.

5 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
6 sub. (4), applies to the credit under this subsection.

7 **SECTION 7.** 71.30 (3) (dp) of the statutes is created to read:

8 71.30 (3) (dp) Hiring the unemployed credit under s. 71.28 (5p).

9 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
10 is amended to read:

11 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
12 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
13 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
14 (5k), (5n), (5p), (5r), (5rm), and (8r) and passed through to shareholders.

15 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
16 32, is amended to read:

17 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
18 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
19 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r), and (9s) and not
20 passed through by a partnership, limited liability company, or tax-option
21 corporation that has added that amount to the partnership's, limited liability
22 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
23 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

24 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

25 71.47 (5p) **HIRING THE UNEMPLOYED CREDIT.** (a) *Definitions.* In this subsection:

1 1. "Claimant" means a person who files a claim under this subsection.

2 2. "Full-time job" means a regular, nonseasonal full-time position in which an
3 individual, as a condition of employment, is required to work at least 2,080 hours per
4 year, including paid leave and holidays.

5 3. "Qualified individual" means a person who, on the date that the claimant
6 hires the individual to work at the claimant's business in this state, is a resident of
7 this state, has been receiving unemployment insurance benefits for at least 60 days
8 prior to being hired by the claimant, and has not been employed by the claimant at
9 any time during the 60 days prior to the first day on which the individual is eligible
10 to receive unemployment insurance benefits.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
12 taxable years beginning after December 31, 2011, a claimant may claim as a credit
13 against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal
14 to \$5,000 for each qualified individual hired by the claimant in the taxable year to
15 work at a full-time job at the claimant's business in this state.

16 (c) *Limitations.* 1. The maximum amount of all credits that a claimant may
17 claim under this subsection is \$250,000.

18 2. Partnerships, limited liability companies, and tax-option corporations may
19 not claim the credit under this subsection, but the eligibility for, and the amount of,
20 the credit are based on hiring individuals described under par. (b). A partnership,
21 limited liability company, or tax-option corporation shall compute the amount of
22 credit that each of its partners, members, or shareholders may claim and shall
23 provide that information to each of them. Partners, members of limited liability
24 companies, and shareholders of tax-option corporations may claim the credit in
25 proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (dp) of the statutes is created to read:

71.49 (1) (dp) Hiring the unemployed credit under s. 71.47 (5p).

SECTION 12. 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

77.92 (4) “Net business income,” with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions from farming. “Net business income,” with respect to a natural person, estate, or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

(END)